

Ping An Bank Co., Ltd.

2015 Third Quarterly Report

§1 Important Notes

1.1 The board of directors (hereinafter refer to as the “Board”), the supervisory committee (hereinafter referred to as the “Supervisory Committee”), the directors, the supervisors and senior management of Ping An Bank Co., Ltd. (hereinafter referred to as the guarantee “Bank”) the authenticity, accuracy and completeness of the contents of this report, in which there are no false representations and misleading statements contained, or material omissions, and the several and joint responsibilities are assumed as well.

1.2 The 17h meeting of the 9th session of the Board of the Bank considered the 2015 Third Quarterly Report. 14 directors were expected to attend the meeting, amongst which, 14 directors were present in person. This report was approved unanimously at the meeting.

1.3 Sun Jianyi (the Bank’s Chairman), and Shao Ping (the President), Sun Xianlang (the Vice President and Chief Financial Officer and Han Xu (the head of the Accounting Department) guarantee the authenticity, accuracy and completeness of the financial report contained in the 2015 Third Quarterly Report.

1.4 This quarterly financial report of the Bank has not been audited; however, PricewaterhouseCoopers Zhong Tian LLP (special general partnership) conducted agreed-upon-procedures towards certain items and the compiling procedures of financial statement.

1.5 Definitions

Terms	Definition
Ping An Bank, the Bank, the Company	Shenzhen Development Bank Co., Ltd. (the “Shenzhen Development Bank” or “SDB”), which completed the integration with the original Ping An Bank Co., Ltd. (“Original Ping An Bank”) through absorption merger and changed its name to Ping An Bank.
Shenzhen Development Bank, SDB	A nationwide joint-stock commercial bank established on December 22, 1987, which changed its name to Ping An Bank following the absorption merger of the Original Ping An Bank.
Original Ping An Bank	A cross-regional joint-stock commercial bank established in June 1995 and deregistered on June 12, 2012.
PAG, Ping An Group	Ping An Insurance (Group) Company of China, Ltd.
Central Bank	the People's Bank of China
CSRC	China Securities Regulatory Commission
CBRC	China Banking Regulatory Commission

§2 Key Financial Data and Changes of Shareholders

2.1 Key Accounting Data and Financial Indicators

Whether the Company has adjusted or restated retrospectively the accounting data for previous years due to the change of accounting policies and corrections of accounting errors

Yes No

(In RMB million)

Item	September 30, 2015	December 31, 2014	Change from the end of the reporting period over the end of previous year (%)	
Total assets	2,599,060	2,186,459	18.87%	
Shareholders' equity	157,136	130,949	20.00%	
Share capital	14,309	11,425	25.24%	
Net asset per share (in RMB)	10.98	9.55	14.97%	
Item	July-September, 2015	Increase /decrease as compared with the same period last year	January-September, 2015	Increase /decrease as compared with the same period last year
Operating income	24,577	23.39%	71,152	30.19%
Net profit	6,155	9.48%	17,740	13.04%
Net profit less non-recurring gains/losses	6,163	9.54%	17,754	13.00%
Net cash flow from operating activities	Not applicable	Not applicable	91,985	1900.45%
Net cash flow from operating activities per share (in RMB)	Not applicable	Not applicable	6.43	1792.11%
Basic EPS (in RMB)	0.43	4.88%	1.27	11.40%
Diluted EPS (in RMB)	0.43	4.88%	1.27	11.40%
Basic EPS less non-recurring gains/losses (in RMB)	0.43	4.88%	1.27	10.43%
Average return on total assets (un-annualised)	0.24%	-0.02 percentage point	0.74%	-0.04 percentage point
Average return on total assets (annualised)	0.95%	-0.10 percentage point	0.99%	-0.05 percentage point
Fully diluted net return on assets (un-annualised)	3.92%	-0.52 percentage point	11.29%	-1.09 percentage points
Fully diluted net return on assets (annualised)	15.08%	-1.91 percentage points	14.51%	-1.35 percentage points
Fully diluted net return on assets less non-recurring gains/losses (un-annualised)	3.92%	-0.52 percentage point	11.30%	-1.10 percentage points
Fully diluted net return on assets less non-recurring gains/losses (annualised)	15.10%	-1.90 percentage points	14.52%	-1.35 percentage points
Weighted average return on net assets (un-annualised)	4.00%	-0.54 percentage point	12.39%	-0.77 percentage point
Weighted average return on net assets (annualised)	15.68%	-2.09 percentage points	16.06%	-1.14 percentage points
Weighted average return on net assets less non-recurring gains/losses (un-annualised)	4.00%	-0.55 percentage point	12.40%	-0.77 percentage point
Weighted average return on net assets less non-recurring gains/losses (annualised)	15.70%	-2.08 percentage points	16.08%	-1.14 percentage points

Note: During the first half of 2015, the Bank implemented the profit distribution for 2014 and distributed a cash dividend of RMB1.74 (tax inclusive) to all the shareholders for every 10 shares held based on the total share capital of the Group as at December 31, 2014 of 11,424,894,787 shares, and issued 2 bonus shares to all the shareholders for every 10 shares by way of conversion of capital reserve.

The calculation of the return on net earnings per share during the comparative periods has been recalculated in accordance with the Regulations on the Preparation of Information Disclosure for Companies Offering Securities to the Public No. 9 - Calculation and Disclosure of Return on Net Assets and Earnings per Share. Return per share, net asset per share, net cash flows from operating activities per share during each of the comparative periods in the above table has been recalculated according the adjusted number of shares.

Total share capital of the Company as at the trading day preceding the disclosure: 14,308,676,139 shares.

Have the share capital ever changed and influenced the amount of the owners' equity because of new issue of shares, additional issue, allotment, exercising the stock option, or repurchasing, etc. from the end of the reporting period to the disclosure date of the quarterly report?

Yes No

Items and amounts of non-recurring gains/losses

√Applicable □Not applicable

(In RMB million)

Item	January - September 2015
Gains/losses on disposal of non-current assets	(7)
Losses on contingency	-
Other non-operating income and expense except the above items	(11)
Impact on income tax of above adjustments	4
Total	(14)

Note: The non-recurring gains/losses shall refer to the meaning as defined in the *Explanatory Announcement on Information Disclosure by Companies Publicly Offering Securities No. 1 – Non-recurring Gains/Losses*.

During the reporting period, no items of non-recurring gains/losses as defined/stated pursuant to the *Explanatory Announcement on Information Disclosure by Companies Publicly Offering Securities No. 1 – Non-recurring Gains/Losses* were defined as recurring gains/losses.

(In RMB million)

Item	September 30, 2015	December 31, 2014	December 31, 2013	Change from the end of the reporting period over the end of previous year (%)
I. Total deposits	1,723,328	1,533,183	1,217,002	12.40%
Including: Corporate deposits	1,460,487	1,280,430	1,005,337	14.06%
Retail deposits	262,841	252,753	211,665	3.99%
II. Total loans and advances	1,209,274	1,024,734	847,289	18.01%
Including: Corporate loans	779,519	639,739	521,639	21.85%
General corporate loans	765,965	627,326	509,301	22.10%
Discounted bills	13,554	12,413	12,338	9.19%
Retail loans	293,264	282,096	238,816	3.96%
Receivables for credit cards	136,491	102,899	86,834	32.65%
Provision for impairment of loans and advances	(27,048)	(21,097)	(15,162)	28.21%
Loans and advances, net	1,182,226	1,003,637	832,127	17.79%

Pursuant to the *Notice on the Statistical Standards for Adjusting the Deposits and Loans of the Financial Institutions by the People's Bank of China* (Yin Fa [2015] No.14), starting from 2015, the deposits placed by non-deposit financial institutions at financial institutions are accounted for as "Total Deposits", whereas the loans extended by deposit financial institutions to non-deposit financial institutions are accounted for as "Total Loans". Based on the new statistical standards of the Central Bank, as at September 30, 2015, total deposits and total loans amounted to RMB 2,156.7billion and RMB1, 265.6 billion, respectively.

2.2 Supplementary Financial Ratios

(Unit: %)

Indicator		Standard level of indicator	September 30,2015	December 31,2014	December 31,2013
In accordance with <i>Administrative Measures for the Capital of Commercial Banks (for Trial Implementation)</i>	Capital adequacy ratio	≥10.5	11.08	10.86	9.90
	Tier one capital adequacy ratio	≥8.5	9.14	8.64	8.56
	Core tier one capital adequacy ratio	≥7.5	9.14	8.64	8.56
Non-performing loan (NPL) rate		≤5	1.34	1.02	0.89
Provision coverage		Not applicable	166.97	200.90	201.06
Loan loss provision ratio		Not applicable	2.24	2.06	1.79
Cost/income ratio (excluding business tax)		Not applicable	32.14	36.33	40.77
Deposit-loan spread		Not applicable	4.87	5.01	4.47
Net interest spread (NIS)		Not applicable	2.59	2.40	2.14
Net interest margin (NIM)		Not applicable	2.73	2.57	2.31
Liquidity ratio	RMB	≥25	64.23	52.51	50.00
	Foreign currency	≥25	106.95	82.49	44.33
	RMB and foreign currency	≥25	66.98	53.21	49.56
Liquidity coverage ratio		≥70	125.27	80.25	Not applicable
Ratio of loans to the single largest client to net capital		≤10	3.62	2.93	4.73
Ratio of loans to top 10 clients to net capital		Not applicable	21.71	19.77	20.88
Pass loans flow rate		Not applicable	4.91	4.74	4.78
Special Mention loans flow rate		Not applicable	18.87	20.16	37.77
Substandard loans flow rate		Not applicable	54.00	55.68	43.61
Doubtful loans flow rate		Not applicable	77.26	98.29	88.70

Note: Regulatory indicators are shown in accordance with the regulatory standards.

Pursuant to the requirements of the *Administrative Measures for Liquidity Risks of Commercial Banks (for Trial Implementation)*, the liquidity coverage of commercial banks shall reach 100% by the end of 2018; during the transitional period, the liquidity coverage shall reach 60% by the end of 2014, 70% by the end of 2015, 80% by the end of 2016 and 90% by the end of 2017, respectively.

2.3 Total number of shareholders, the shareholding status of the top 10 shareholders and the top 10 unrestricted shareholders at the end of the reporting period

(Unit: Share)

Total number of ordinary shareholders at the end of the reporting period		358,049				
Shareholding of top 10 ordinary shareholders						
Name of shareholder	Capacity	Share holding (%)	Total number of shares held	Number of restricted shares held	Pledged or frozen	
					Type of shares	Number of shares
Ping An Insurance (Group) Company of China, Ltd. – the Group– proprietary fund	Domestic legal entity	49.56	7,092,077,555	2,115,881,039	-	-
Ping An Life Insurance Company of China, Ltd. – proprietary fund	Domestic legal entity	6.11	874,552,320	-	-	-
China Securities Finance Corporation Limited	Domestic legal entity	2.99	427,832,759	-	-	-
Ping An Life Insurance Company of China, Ltd. – traditional – ordinary insurance products	Domestic legal entity	2.27	324,779,969	-	-	-
Ge Weidong	Domestic natural person	1.65	235,670,000	-	Pledged	176,136,000
Central Huijin Investment Ltd	Domestic legal entity	1.26	180,177,500	-	-	-
China Electronics Shenzhen Company	Domestic legal entity	1.20	171,959,948	-	-	-
Harfor Fund – SPDB – Harfor Fund – SPDB – Jiyuan Directed Additional Issuance No.2 Asset Management Plan	Domestic legal entity	0.50	71,855,029	71,855,029	-	-
E Fund Management – SPDB – E Fund Management – SPDB – Jiyuan Directed Additional Issuance No.2 Asset Management Plan	Domestic legal entity	0.50	71,855,029	71,855,029	-	-
National Social Security Fund 102 Portfolio	Domestic legal entity	0.44	62,456,159	-	-	-
Shareholding of top 10 unrestricted shareholders						
Name of shareholder		Number of unrestricted shares held	Type of shares			
			Type of shares	Number of shares		
Ping An Insurance (Group) Company of China, Ltd. – the Group – proprietary fund		4,976,196,516	RMB ordinary shares	4,976,196,516		
Ping An Life Insurance Company of China, Ltd. – proprietary fund		874,552,320	RMB ordinary shares	874,552,320		
China Securities Finance Corporation Limited		427,832,759	RMB ordinary shares	427,832,759		
Ping An Life Insurance Company of China, Ltd. – traditional – ordinary insurance product		324,779,969	RMB ordinary shares	324,779,969		
Ge Weidong		235,670,000	RMB ordinary shares	235,670,000		
Central Huijin Investment Ltd		180,177,500	RMB ordinary shares	180,177,500		
China Electronics Shenzhen Company		171,959,948	RMB ordinary shares	171,959,948		
National Social Security Fund 102 Portfolio		62,456,159	RMB ordinary shares	62,456,159		
ICBC Credit Suisse Fund – Agricultural Bank – ICBC Credit Suisse CSI Financial Asset Management Scheme		48,553,700	RMB ordinary shares	48,553,700		
China Southern Fund Management – Agricultural Bank – China Southern CSI Financial Asset Management Scheme		48,553,700	RMB ordinary shares	48,553,700		
Description of the related relationship or concerted action of the above shareholders	1. Ping An Life Insurance Company of China, Ltd. is a controlled subsidiary of and acting in concert with the Ping An Insurance (Group) Company of China, Ltd. “Ping An Insurance (Group) Company of China, Ltd. - the Group - proprietary fund”, “Ping An Life Insurance Company of China, Ltd. - proprietary fund” and “Ping An Life Insurance Company of China, Ltd. - traditional - ordinary insurance product” are related parties.					

	2. The Bank is not aware of any related relationship or concerted action among any of other shareholders.
Description of the top 10 unrestricted ordinary shareholders who engage in securities margin trading business (if any)	In addition to 204,370,000 shares held through common securities account, Ge Weidong, an ordinary shareholder, also holds 31,300,000 shares through client credit trading guarantee securities account of Orient Securities Company Limited, holding 235,670,000 shares in aggregate.

Have the top 10 ordinary shareholders and the top 10 unrestricted ordinary shareholders executed any agreed repurchasing within the reporting period?

Yes No

Total number of preference shareholders and the shareholding status of the top 10 preference shareholders at the end of the reporting period

Applicable Not applicable

§3 Major Events

3.1.1 Analysis of items with over 30% change in comparative financial statements

√Applicable □Not applicable

Item	Change (%)	Reasons for change
Precious metals	38.46%	Increase in receivables from leasing of gold for trading
Due from banks	61.21%	Increase in due to banks
Funds loaned to other financial institutions	127.28%	Increase in funds loaned to other financial institutions
Financial assets measured at fair value through profit and loss for the period	(31.82%)	Adjustment in investment structure
Assets purchased under reverse repurchase agreements	42.35%	Increase in bonds purchased under reverse repurchase agreements
Available-for-sale financial assets	(48.69%)	Adjustment in investment structure
Properties for investment purposes	31.82%	Small base number, RMB 110 million at the end of last year
Deferred income tax assets	37.06%	Increase in deferred income tax assets due to provision
Other assets	51.26%	Increase in debt assets, construction in progress and settlement of fund in transit
Due to Central Bank	30.72%	Increase in financing scale of rediscount financing business from Central Bank
Financial liabilities carried at fair value through profit or loss	73.42%	Increase in payables for leasing of gold for trading
Financial assets under repurchase agreements	(100.00%)	Adjustment in inter-bank liabilities structure
Employee compensation payables	32.14%	Increase in staff expense due to increase in staff, scale and results
Account receivables	48.01%	Increase in non-recourse factoring payables
Bond payables	360.66%	Increase in new issue of inter-bank deposits
Other liabilities	58.97%	Increase in settlement of fund in transit
Fee and commission income	53.00%	Increase in fee and commission income of investment banking, trusteeship, wealth management, settlement, gold leasing, and bank card, etc.
Gains/losses in fair value changes	259.26%	Small base number, RMB 27 million in the corresponding period last year
Foreign exchange gains/losses	977.36%	Small base number, RMB -53 million in the corresponding period last year
Asset impairment loss	105.49%	Increase in scale of loans and reserve
Non-operating income	(30.00%)	Small base number, RMB 30 million in the corresponding period last year

3.2 Analysis and explanation of the progress, impact and solution of major events

3.2.1 Qualified opinions

□Applicable √Not applicable

3.2.2 Provision of capital to controlling shareholder or other connected parties or provision of guarantees to external parties in breach of stipulated procedures by the Company

Applicable Not applicable

3.2.3 Execution and performance of material contracts in the ordinary course

Applicable Not applicable

3.2.4 Other material matters

Applicable Not applicable

On August 4, 2014, the Company convened the 2014 second extraordinary general meeting, at which relevant resolutions including the Resolution on Non-public Issue of Preference Shares of Ping An Bank Co., Ltd. and the Resolution on Revision of the Articles of Association of Ping An Bank Co., Ltd and its Annex, were considered and passed.

On September 1, 2015, the Company received the Reply of CSRC on Non-public Issue of Preference Shares and Revision of the Articles of Association of Ping An Bank Co., Ltd (Yin Jian Fu [2015] No. 539). The CSRC agreed that the Company can issue the preference shares of not exceeding 200 million shares and raise no more than RMB 20 billion, which will be included into other tier one capital of the Company according to relevant regulation, through non-public issue. Meanwhile, the revised Articles of Association of Ping An Bank Co., Ltd was approved. The Proposal on Non-public Issue of Preference Shares shall be subject to approval by the CSRC.

Please refer to relevant announcements published by the Bank in China Securities Journal, Securities Times, Shanghai Securities News, Securities Daily and www.cninfo.com.cn for details.

3.3 Undertakings by the Company or shareholders with more than 5% of shareholding during the reporting period or occurred in previous accounting period but lasted to the reporting period

Applicable Not applicable

Commitments	Undertaker	Content	Date	Term	Status of performance
Commitments made during asset reorganization	Ping An Insurance (Group) Company of China, Ltd.	<p>PAG made the following commitments when planning to subscribe for 1,638,336,654 shares of the Bank under the non-public issuance (NPO) (this Material Asset Restructuring) with its holding of 90.75% of the original Ping An Bank's shares and RMB 2.6900523 billion in cash:</p> <p>1. After the completion of this Material Asset Restructuring and during the period when PAG acts as SDB's controlling shareholder, in respect of similar businesses or business opportunities of SDB that are intended to be engaged by or substantially obtained by PAG and other companies controlled by PAG in the future, and that the assets and businesses formed by those businesses or business opportunities may cause potential peer competition with SDB, PAG and other companies controlled by PAG will not engage in businesses that are the same or similar to SDB, so as to avoid in direct or indirect competition in relation to SDB's business operations.</p> <p>2. After the completion of this Material Asset Restructuring, with regard to the related party transactions between PAG and other companies controlled by PAG and SDB, PAG and other companies controlled by PAG will carry out the transactions with SDB under the principles of openness, fairness and justice of market transactions and in accordance with fair and reasonable market price, as well as implement decision-making procedures based on requirements of relevant laws, regulations and regulatory documents so as to fulfil its obligation of information disclosure according to the laws. PAG guarantees that PAG and other companies controlled by PAG would not acquire any illegal interests or make SDB assume any improper obligations through the transactions with SDB.</p> <p>3. After the completion of this Material Asset Restructuring and during the period when PAG acts as SDB's controlling shareholder, SDB's independence will be maintained so as to ensure that SDB is independent to PAG and other companies controlled by PAG in terms of personnel,</p>	July 29, 2011	—	Performance of commitments is being carried out now.

		assets, finance, institutions and business.			
Commitments made upon IPO or refinancing	Ping An Insurance (Group) Company of China, Ltd.	PAG made commitments not to transfer the 1,323,384,991 new shares acquired from the Bank in NPO within 36 months from the date of completion of the issue of new shares (January 9, 2014), however, under the permission of applicable laws, the transfer between PAG's related parties (including the entities which directly or indirectly control PAG, entities directly or indirectly controlled by PAG and entities under the same control as PAG) will not be restricted. Upon expiry of the lock up period, PAG may dispose of the shares under this issue in accordance with the requirements of CSRC and Shenzhen Stock Exchange.	December 31, 2013	Within three years	Performance of commitments is being carried out now.
		PAG made commitments not to transfer the 210,206,652 new shares acquired from the Bank in NPO within 36 months from the date of completion of the issue of new shares (May 21, 2015). During the restricted period, those shares shall not be sold or transferred nor disposed between non-connected enterprises. Therefore, there is no arrangement on disposal of other any equity interest of those shares.	May 31, 2015	Within three years	Performance of commitments is being carried out now.
Other commitments to the Minority Shareholders of the company	—	—	—	—	—
Whether the performance of commitments is without delay	Yes				
Reasons for outstanding performance and the following steps (if any)	Not applicable				

3.4 Anticipation of operating performance in 2015

Warnings on any potential loss in accumulated net profit from the beginning of the year to the end of the next reporting period or any material change as compared with that in the same period of last year and the reasons

Applicable Not applicable

3.5 Explanation of other significant events

3.5.1 Financial bonds of the Bank

Applicable Not applicable

At the end of the reporting period, book value of financial bonds (including policy bank notes, ordinary financial bonds, subordinated financial bonds, excluding corporate bonds) held by the Bank was RMB118.2 billion, among which the ten financial bonds with large amount are as follows:

(In RMB million)

Name of Bond	Face Value	Nominal annual interest rate (%)	Maturity date	Impairment provision
2010 policy bank notes	3,860	2.59%	2020/2/25	-
2015 policy bank notes	3,260	3.85%	2018/1/8	-
2011 policy bank notes	3,030	2.85%	2021/2/17	-
2010 policy bank notes	2,870	2.52%	2017/1/26	-
2015 commercial band deposits	2,500	3.00%	2015/10/28	-

2015 commercial band deposits	2,500	3.00%	2015/10/29	-
2009 policy bank notes	2,420	2.80%	2019/5/19	-
2011 policy bank notes	2,410	3.15%	2016/4/19	-
2009 policy bank note	2,400	3.40%	2016/6/16	-
2011 policy bank notes	2,250	4.25%	2018/3/24	-

3.5.2 Shareholding of the Bank in other listed companies

√Applicable □Not applicable

(In RMB million)

Stock code	Stock short name	Initial investment	Percentage of shareholding at the end of the period	Book value at the end of the period	Gains/losses in the reporting period	Change of owners' equity during the reporting period	Accounting entry	Origination
400061	CSC Nanjing Tanker 5	314	4.02%	341	-	27	Available-for-sale	Reposessed equity
-	Visa Inc.	-	0.01%	4	-	-	Available-for-sale	Legacy investment
Total		314		345	-	27		

3.5.3 Shareholding of the Bank in other unlisted financial companies or to-be-listed companies

√Applicable □Not applicable

(In RMB million)

Name of investee	Investment amount	Impairment provision	Net value at the end of the period
China Unionpay Co. Ltd.	74	-	74
SWIFT	1	-	2
Clearing Center for City Commercial Banks	1	-	1
China Zheshang Bank Co., Ltd. (Note)	59	-	59
Total	135	-	136

Note: During 2014, the Bank was granted 10 million shares in share capital of China Zheshang Bank Co., Ltd. by way of reposessed equity.

3.5.4 Derivative investments and position at the end of the reporting period

√Applicable □Not applicable

(1) Table of derivative investments

<p>Risk analysis on derivatives position during the reporting period and explanations on control measures (including but not limited to market risk, liquidity risk, credit risk, operational risk and legal risk)</p>	<p>1. Market risk. Market risk of derivatives refers to the risk of loss in on-balance-sheet and off-balance-sheet business due to change of market prices (interest rate, exchange rate, stock price, and commodity price). Market risk control of the Bank is mainly exercised via risk limit management from various perspectives such as exposure, risk level, and profit/loss.</p> <p>2. Liquidity risk. Liquidity risk of derivatives refers to the risk of a bank when it has solvency but cannot obtain sufficient fund in a timely manner or cannot obtain sufficient fund in time with reasonable cost to deal with asset growth or service debts due. For derivatives delivered in full amount, the Bank adopted the measure of square positioning to ensure sufficient fund for settlement and clearing; for derivatives delivered in net amount, there was no significant impact as the cash flow would have minor impact on current assets of the Bank.</p> <p>3. Operational risk. Operational risk is the risk resulting from deficient or defective internal procedures, staff, system, or external events, including the risks caused by staff, process, system and external factors. The Bank strictly observed the requirements of CBRC's Guidance on Operational risk Management of Commercial Banks, deployed designated traders, adopted</p>
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	<p>professional front-middle-back office integrated monitoring system, formulated complete business operational process and authorization management system and complete and sound internal monitoring and auditing mechanism to avoid operational risk to the largest extent.</p> <p>4. Legal risk. Legal risk refers to the possibility of risk exposure caused by the non-compliance of business activity with legal requirements or external legal matters. The Bank attached great importance to legal documentation related to derivative transactions, and signed legal agreements including ISDA, CSA, MAFMII with other banks to avoid legal disputes and regulate dispute resolution methods. For our customers, the Bank also drafted customer transaction agreement by referring to the above inter-bank legal agreements pursuant to regulatory requirements and transaction management requirements, thus largely avoiding potential legal disputes.</p> <p>5. Force majeure risk. Force majeure refers to unforeseeable, unavoidable or insurmountable objective circumstances, including but not limited to fire, earthquake, flood or other natural disasters, war, military act, strike, pandemic, failure of IT system or communication or power supply systems, financial crisis, moratorium of related market, or changes in national laws and regulations or policies such that the derivatives cannot conduct normal trading after the contract becomes effective. The Bank has concluded agreements with all retail, institutional and inter-bank customers and set out terms and conditions about force majeure to disclaim any liability arising from any breach of the contract in case of force majeure.</p>
Changes of market price or product fair value of invested derivatives during the reporting period. The methods adopted in determining the fair value of derivatives as well as the assumptions and parameters should be disclosed together with the analysis results	From January to September 2015, the change of fair value of derivatives of the Bank was reasonable within a controllable range. The Bank adopted evaluation techniques to determine the fair value of financial derivatives. The evaluation technique includes making reference to the prices received on disposal of an asset or paid on transfer of a liability in an orderly transaction by the market participants on the date of measurement, and making reference to the current fair value and discounted cash flow technique of other financial instruments of substantially the same nature. Market parameters may be used in evaluation techniques whenever possible. However, the management has to make estimations in light of credit risk, market fluctuation rate and relevancy of its own and its trading counterparties when market parameters are unavailable.
Explanation on whether there are material changes in accounting policies and accounting treatment principles related to derivatives during the reporting period compared with that of last reporting period	The Bank set out accounting policies and accounting treatment principles for derivatives in line with Accounting Standards for Business Enterprises. There was no major change in the relevant policies during the reporting period.
Specific comments from independent directors on corporate derivative investments and risk control	The Bank's derivatives trading business is a commercial banking business approved by regulatory authorities. The derivative investment business currently engaged by the Bank mainly includes foreign exchange forward / swap, foreign exchange futures, foreign exchange option, currency exchange, interest rate swap, precious metal renewal/ forward / swap, precious metal futures, and back to back structured products. The Bank has established a tailor-made risk management structure, and set up a specialised risk management entity to effectively manage the risks of derivatives investment business via means such as establishment of system, limited authorization, daily supervision and control, internal training and accreditation of qualifications of business personnel.

(2) Position of derivative investments at the end of the reporting period

(In RMB million)

Type of contract	Contract amount at the beginning of the period (Nominal)	Contract amount at the end of the period (Nominal)	Changes in fair value during the reporting period	Contract amount (Nominal) at the end of the period as a percentage of the net assets at the end of the reporting
Foreign exchange forward contract	494,841	702,788	638	447.25%
Interest rate swap contract	450,870	701,709	21	446.56%
Others	39,435	84,920	301	54.04%
Total	985,146	1,489,417	960	947.85%

Note: contract amount of derivative finance instrument refers to the contract amount of underlying subject, which reflects only the trading amount not its risk. The Bank conducted strict risk quota management on derivative instruments; therefore it has minimum risk exposures.

3.5.5 Explanation on the implementation project progress of the Basic Standard for Enterprise Internal Control

During the reporting period, the Bank progressively promoted related work on internal control assessment according to the Notice of Work of 2015 Operating Risk and Internal Control Self-assessment (RCSA-CSOX). As at the end of reporting period, the Bank has carried out fully the third phase internal control testing work as planned. It carried out self-assessment work of the year by means of daily monitoring, key area special analysis and annual evaluation, through strengthening the idea of daily monitoring of key risk areas under the risk –oriented direction, ensuring the promptness and effectiveness of internal assessment work. The overall progress met the requirements as planned.

Meanwhile, guided by the revised *Guidelines for the Internal Controls of Commercial Banks*, the Bank adopted effective measures to further improve its internal control and management system, through serious study and checking difference. It specified division of responsibilities of internal control, established scientific and prudent internal control standard, regularly organised all levels of the Bank to conduct internal control assessment work, enhanced compliance and internal control awareness of its staff, and improved work effectiveness of internal control.

3.5.6 Reception for investigation, communication and interview within the reporting period

√Applicable □Not applicable

During the reporting period, the Bank conducted communication with investors for many times in the form of results presentation, analyst meeting and investor investigation in respect of the operating conditions, financial conditions and other matters of the Bank. The Bank also accepted inquiry by phone from individual investors. The contents mainly included: operation, development strategies, periodic reports and temporary announcements with explanations as well as business and management information and significant events of the Bank that may be disclosed in accordance with the law. According to the requirements under *Shenzhen Stock Exchange Guidelines on Fair Information Disclosure of Listed Companies*, the Bank and relevant information disclosure parties strictly observed the principle of fair information disclosure, and there was no violation of the principle.

The major details of investors received by the Bank during the reporting period are as follows:

Time	Location	Mode	Target	Major contents discussed and materials provided
2015/08/14	Shenzhen	Onsite survey, telephone communication	All sorts of investors including securities brokers and funds investors	2015 half-year report and results announcement
2015/08/24	Beijing, Shanghai, Guangzhou, Shenzhen	Home visit	All sorts of investors including s funds	Operating conditions and development strategies
2015/09/21	Shenzhen	Telephone communication	Moody rating	Operating conditions and development strategies
Third Quarter	Shenzhen	Telephone communication, written inquiry	Individual investors	Operating conditions and development strategies

3.6 Management Discussion and Analysis

3.6.1 Description of overall operations

During the reporting period, domestic economy maintained overall stable. The Central Bank continued to implement a stable monetary policy and increased flexibly and initiative of control, and promoted long-term liquidity and advanced interest liberalization by lowering benchmark rate and interest rate. The Law on Commercial Banks revised in August 2015 ceased to set the deposit-loan indicator as statutory regulatory indicator, increasing the loan ability of financial institutions. The CSRC further promoted pilot operation of private banks, which brings impact to commercial banks while enrich the banking industry system.

Responding to changes in macro economic situation and regulatory policies, and aiming to become the “best commercial bank” the Bank insisted on the idea of “revolution, innovation and development”, by practiced the “customer-oriented” business philosophy, realised four drivers of “company, retail, inter-bank, investment bank”, strengthened the construction of “professionalism, intensification, investment banking, comprehensiveness, internet”, in order to promote transformation and development, and ensure compliance operation.

During the reporting period, the Bank’s various businesses continued to maintain steady growth. The scale of deposit and loans increased as compared to the beginning of the year, operating income maintained double digits growth as compared to the same period last year, and the cost-income ratio reached the lowest historic point. Amidst continuous interest rate cut and increased provision, the Bank further maintained better profitability. The features of the Bank’s operating conditions are as follows:

1. Stable profitability

During the reporting period, the Bank recorded an operating income of RMB71.152 billion, representing an increase of 30.19% as compared with that in the same period of last year. Non-interest income was RMB 22.946 billion, representing an increase of 41.35%, up 2.55 percentage points to 32.25% in the proportion of operating income. Benefiting from the speedy development of the investment banking, trusteeship, wealth management and settlement businesses, the net fee and commission income continued to maintain sound growth momentum and amounted to RMB20, 223 million, representing an increase of 58.03% as compared with that in the same period of last year. Operating profit before provision grew by 41.90% as compared with that in the same period of last year to RMB43, 240 million; net profit grew by 13.04% as compared with that in the same period of last year to RMB17, 740million; and basic EPS grew by RMB0.13 to RMB1.27. Net interest spread and net interest margin increased by 0.23 and 0.20 percentage point amidst adverse market as compared with those in the same period of last year, respectively. The growth of expenses of the Bank is much less the growth of income, input-output ratio continued to improve. During the reporting period, cost/income ratio was 32.14%, representing a decrease of 4.56 percentage points as compared with that in the same period of last year and a decrease of 4.19 percentage points as compared with that in 2014.

2. Continuous business scale growth

During the reporting period, the Bank’s deposit and loan business achieved balanced development, and the growth of deposit-taking business continued to lead the market. As at the end of reporting period, total assets was RMB 2,599,060 million, representing an increase of 18.87% as compared with the beginning of the year, including RMB 1,209,274 million of loans and advances(including discounted bills), representing an increase of 18.01% as compared with the beginning of the year. Deposit taking was RMB 1,723,328 million, representing an increase of 12.40% as compared with the beginning of the year; Placements of non-deposit type financial institutions taking recorded a good growth, representing an increase of 88.9% as compared with the beginning of the year.

3. Business transformation and accelerated innovation

The Bank **implemented specialised operation**, improved the operating system of the business units, in order to realize characterised operation. In **promoting intensive development**, the Bank rationalised system and procedure by reforming organizational structure according to the requirement of the Bank, and attracted groups of clients by unifying commercial model. In **investment banking finance**, the Bank adopted various investment banking finance measures to provide comprehensive financing solution for clients. In **comprehensive finance**, the Bank provided one stop comprehensive financial services for clients by leveraging resource advantages of PAB including clients, products, channels, platforms and internet. In

internet finance, the Bank strengthened construction of internet platforms including Orange-e-Net, Pin an Orange, Hang E-Tong, Pocket Bank, in order to further improve customer experience.

The Bank introduced internet finance, reconstructed the credit environment of movable financing asset, and proved tailor made financial product and services. The Bank jointed with Ping An 1Qianbao to launch the first new concept “internet +credit card”—— Hua Yang Card, in order to satisfying various needs of the clients. The Bank innovated and promoted the pilot business model of “Cun Jin Tong”, introduced foreign exchange innovation products including Gou Hui Bao, and Jia Gai Yuanqi Gou Hui by seizing the opportunity of RMB exchange rate reform. The Bank stepped up industry fund business innovation, gradually carried out business practices in emerging areas including private placement in listed companies, mergers and acquisition, government debts management, SOEs mix ownership reform, actively supported real economy development, and fully involved in construction of key areas which concerning the national welfare and the people's livelihood. In August 2015, the Bank successfully issued the “Ping An 2015 First Tranche Auto Loan Backed Securities”, which is the first of this kind issued by the commercial bank in inter-bank market.

4. Overall asset quality at a controllable level

Adhering to the principle of “risk management”, the Bank actively met various challenges, implemented comprehensive risk management, supported real economy and ensured sound operation. During the reporting period, the asset quality of the Bank was impacted by external environment and difficulties of operation and reduced financing ability. During the reporting period, NPL balance amounted to RMB16.199 billion, up by 54.26% as compared with that at the beginning of the year. NPL rate was 1.34%, up by 0.32 percentage point as compared with that at the beginning of the year. Loans loss provision ratio was 166.97%, down by 33.93 percentage point as compared with that at the beginning of the year. Provision coverage was 2.24%, up by 0.18 percentage points as compared with that at the beginning of the year. The bank adopted a serious of measures to manage existing stock, control increment and step up the disposal of non-performance assets by writing off RMB4.510 billion for the first three quarters. The Bank increased provision and writing off with overall asset quality at a controllable level.

3.6.2 Asset and liability items

As at the end of reporting period, total assets of the Bank amounted to RMB 2,599.060 billion, representing a growth of 18.87% over the beginning of the year; total liabilities amounted to RMB 2,441.924billion, representing growth of 18.80% over the beginning of the year.

Asset composition and changes

(In RMB million)

Item	September 30, 2015		December 31, 2014		Change from the end of period over the end of previous year (%)
	Balance	%	Balance	%	
Total loans and advances	1,209,274	46.53%	1,024,734	46.86%	18.01%
Provision for impairment of loans and advances	(27,048)	(1.04%)	(21,097)	(0.96%)	28.21%
Net loans and advances	1,182,226	45.49%	1,003,637	45.90%	17.79%
Investment financial assets (Note)	532,708	20.50%	486,222	22.24%	9.56%
Cash and due from the Central Bank	297,223	11.44%	306,298	14.01%	(2.96%)
Precious metals	62,657	2.41%	45,254	2.07%	38.46%

Due from banks and other financial institutions	107,963	4.15%	66,969	3.06%	61.21%
Placements with banks and other financial institutions and financial assets purchased under resale agreements	358,474	13.79%	224,477	10.27%	59.69%
Account receivables	7,120	0.27%	9,925	0.45%	(28.26%)
Interest receivables	11,944	0.46%	11,937	0.55%	0.06%
Fixed assets	4,406	0.17%	3,812	0.17%	15.58%
Intangible assets	4,972	0.19%	5,293	0.24%	(6.06%)
Goodwill	7,568	0.29%	7,568	0.35%	-
Properties for investment purposes	145	0.01%	110	0.01%	31.82%
Deferred income tax assets	9,367	0.36%	6,834	0.31%	37.06%
Other assets	12,287	0.47%	8,123	0.37%	51.26%
Total assets	2,599,060	100.00%	2,186,459	100.00%	18.87%

Note: Investment financial assets include items as “Financial assets measured at fair value through profit and loss for the period, Derivative financial assets, Available-for-sale financial assets, Held-to-maturity investments, Receivables type investment, and Long-term equity investment”.

Liability composition and changes

(In RMB million)

Item	September 30, 2015		December 31, 2014		Change from the end of period over the end of previous year (%)
	Balance	%	Balance	%	
Deposit taking	1,723,328	70.57%	1,533,183	74.59%	12.40%
Due to banks and other financial institutions	435,745	17.84%	385,451	18.75%	13.05%
Borrowings from banks and other financial institutions	16,846	0.69%	13,551	0.66%	24.32%
Financial assets measured at fair value through profit and loss for the period	7,386	0.30%	4,259	0.21%	73.42%
Derivative financial liabilities	2,844	0.12%	2,662	0.13%	6.84%
Financial Assets sold under agreements to repurchase	-	-	22,568	1.10%	(100.00%)
Employee compensation payables	10,520	0.43%	7,961	0.39%	32.14%
Tax payables	7,393	0.30%	5,794	0.28%	27.60%
Interest payables	25,708	1.05%	25,229	1.23%	1.90%
Bond payables	192,325	7.88%	41,750	2.03%	360.66%
Other liabilities (Note)	19,829	0.82%	13,102	0.63%	51.34%
Total liabilities	2,441,924	100.00%	2,055,510	100.00%	18.80%

Note: Other liabilities include items as “Due to the Central Bank, Account Payables, Provisions and Other liabilities”.

3.6.3 Asset quality

The Bank actively dealt with external macro-economic impacts, continued to optimize credit structure,

exercised strict control over incremental risks, prevented and dissolved various risks that may arise in connection with existing loans. the Bank stepped up its efforts to collect and dispose of the non-performing assets through a variety of methods, and increased provision and write-offs, in order to maintain a relative stable asset quality.

Loans and 5-tier loan classification

(In RMB million)

5-tier classification	September 30, 2015		December 31, 2014		Change from the end of period over the end of previous year (%)
	Balance	%	Balance	%	
Pass	1,141,079	94.36%	977,284	95.37%	16.76%
Special mention	51,996	4.30%	36,949	3.61%	40.72%
NPL	16,199	1.34%	10,501	1.02%	54.26%
Including: Substandard	5,006	0.41%	4,374	0.42%	14.45%
Doubtful	3,372	0.28%	2,146	0.21%	57.13%
Loss	7,821	0.65%	3,981	0.39%	96.46%
Total loans and advances	1,209,274	100.00%	1,024,734	100.00%	18.01%
Balance of loan impairment provision	(27,048)		(21,097)		28.21%
NPL ratio	1.34%		1.02%		+0.32 percentage point
Provision coverage ratio	166.97%		200.90%		-33.93 percentage points
Loan loss provision ratio	2.24%		2.06%		+0.18 percentage point

During the reporting period, under the prevailing economic and financial conditions and as a result of the mutual guarantee and joint guarantee relationship between the enterprises, some enterprises were faced with operational difficulties with weaker financing ability. Overdue loans, default interests and special mention loans increased. The Bank actively took various measures to maintain a relative stable quality by controlling increment and containing asset quality decline.

Loan structure and quality by industry

(In RMB million)

Industry	September 30, 2015			December 31, 2014		
	Balance	%	NPL ratio	Balance	%	NPL ratio
Agriculture, husbandry and fishery	13,070	1.08%	0.38%	5,260	0.51%	0.76%
Mining (heavy industry)	58,601	4.85%	0.12%	41,340	4.03%	0.11%
Manufacturing (light industry)	172,541	14.27%	1.10%	142,876	13.94%	1.59%
Energy	14,996	1.24%	-	8,874	0.87%	-
Transportation, postal and telecommunications	28,642	2.37%	0.15%	25,491	2.49%	0.30%
Commerce	160,651	13.28%	1.64%	151,532	14.79%	1.63%
Real estate	128,636	10.64%	-	98,855	9.65%	-
Social service, technology, culture and health care	81,881	6.77%	0.02%	64,894	6.33%	0.07%
Construction	51,410	4.25%	0.49%	43,576	4.25%	0.08%

Discounts	13,554	1.12%	-	12,413	1.21%	-
Retail loans (including credit cards)	429,755	35.54%	2.61%	384,995	37.57%	1.43%
Others	55,537	4.59%	-	44,628	4.36%	-
Total loans and advances	1,209,274	100.00%	1.34%	1,024,734	100.00%	1.02%

As at the end of the reporting period, the Bank's NPLs mainly concentrated in the commerce, manufacturing and retail loans (including credit cards) industries and accounted for 97% of the total NPLs. The NPL rate in other industries was low. In particular, growth of non-performing retail loans (including credit cards) was faster mainly because the Bank proactively adjusted the asset structure to reduce low risk and low yield loans and, within controllable risk levels, moderately increased the proportion of higher yield products including credit cards, auto loans and loans to yuppies. Accordingly, the overall risks were within control. At the same time, the Bank adopted a number of initiatives to improve asset quality by raising the entry requirements of new customers, reinforcing risk management and strengthening collection and disposal.

Loan structure and quality by product

(In RMB million)

Item	September 30, 2015		December 31, 2014		Increase/decrease in NPL ratio
	Balance	NPL ratio	Balance	NPL ratio	
Corporate loans	779,519	0.64%	639,739	0.78%	-0.14 percentage point
Including: General loans	765,965	0.65%	627,326	0.79%	-0.14 percentage point
Discounted bills	13,554	-	12,413	-	-
Retail loans	293,264	2.45%	282,096	0.95%	+1.50 percentage points
Including: Housing mortgage loans	47,841	0.61%	55,365	0.49%	+0.12 percentage point
Entrepreneur loans	113,557	4.41%	116,875	1.40%	+3.01 percentage points
Auto loans	73,231	1.42%	65,495	0.58%	+0.84 percentage point
Others (Note)	58,635	1.43%	44,361	0.86%	+0.57 percentage point
Account receivables of credit cards	136,491	2.97%	102,899	2.77%	+0.20 percentage point
Total loans	1,209,274	1.34%	1,024,734	1.02%	+0.32 percentage point

Note: Other retail loans include "Xin Yi Dai", i.e. the loans to new yuppies, Certificate pledged consumption loan, Petty consumer loan and other guaranteed or pledged consumption loan.

During the end of reporting period, the NPL rate of retail loans (excluding credit cards) increased by 1.50 percentage points, mainly due to the increase of the NPL rates of entrepreneur loans and auto loans. (1) The NPL rate of entrepreneur loans increased mainly due to overall slow growth as a result of continuous stock structure adjustment, and secondly due to the increase of NPL amount as a result of macro economic influence and continuous risk exposures in some regions with overall risks under control. (2) The overall scale of auto loans slowed down with adjustment in product structure, the proportion of high yield products increased, the NPL rate increased as compared with that of the beginning of the year as a result of the significant impact of external economic environment. (3) The NPL rate of housing mortgage loans increased due to the decrease of the balance of loans (the balance of housing mortgage loans decreased by 7,500 million as compared with the beginning of the year), and the longer period of dissolving of non-performance housing loans yet with risk

controllable as the pledge is sufficient.

The NPL rate of credit cards increased by 0.20 percentage point as compared with that of the beginning of the year, but decreased by 0.25 percentage point as compared with the end of half-year, the risks of credit card portfolio reduced. The Bank controlled the overall risks of credit card portfolio and enhanced then return coverage risk ability through various measures including improving the quality of newly issued credit cards, executing more prudent quota strategy, increasing early control of stock clients, and improving collection efficiency.

Loan quality by region

(In RMB million)

Region	September 30, 2015		December 31, 2014	
	Balance	NPL ratio	Balance	NPL ratio
Eastern region	359,663	1.26%	312,713	1.10%
Southern region	261,415	0.81%	250,483	0.58%
Western region	166,002	1.24%	123,455	0.48%
Northern region	221,333	0.85%	184,213	0.57%
Headquarters	200,861	2.80%	153,870	2.59%
Total	1,209,274	1.34%	1,024,734	1.02%

At the end of reporting period, NPL rate increased due to capital chain tension and breakage, and operating difficulties of some trading enterprises, low-end manufacturing enterprises and private middle and small enterprises which have risk resistance capacity as a result of external economic influence in some regions. The Bank will enhance the dissolution of non-performing assets, strictly control increment risk and maintain relative stable asset quality.

Regions and corresponding agencies headquarter in the table:

Eastern region: branches in Shanghai, Hangzhou, Taizhou, Yiwu, Ningbo, Wenzhou, Nanjing, Wuxi, Changzhou, Suzhou, Fuzhou, Zhangzhou, Xiamen, Quanzhou and Shanghai Free Trade Zone;

Southern region: branches in Shenzhen, Guangzhou, Zhuhai, Foshan, Dongguan, Huizhou, Zhongshan and Haikou;

Western region: branches in Chongqing, Chengdu, Leshan, Kunming, Honghe, Wuhan, Jingzhou, Xiangyang and Xi'an;

Northern region: branches in Beijing, Dalian, Tianjin, Jinan, Linyi, Weifang, Qingdao, Yantai, Zhengzhou, Shenyang, Shijiazhuang, Taiyuan and Tianjin Free Trade Zone;

Headquarters: departments under the headquarter, including credit card centre, inter-bank business BU, capital operation centre, asset management BU and off-shore finance BU.

In the first quarter of 2015, the Bank adjusted the justification of certain branches by adjusting the jurisdiction of Haikou Branch from western area to southern areas, and the jurisdiction of Xi'an Branch from Northern Area to Western Area. For purpose of convenience, the report adjusted comparative data refer to all regions as at December 31, 2014 and corresponding period last year.

From the second half of 2014, the Bank included part of its interbank businesses in the financial statements of the headquarter according the requirements of the *Notice of the General Office of the China Banking Regulatory Commission on Regulating the Interbank Business Governance of Commercial Bank*.

Loan impairment provision and write-offs

(In RMB million)

Item	January –September 2015
Opening balance	21,097
Add: provision for the period (including non-credit asset impairment loss)	19,935
Less: interest offset of impaired loans	332
Less: non-credit asset impairment loss	358
Net provision for the period	19,245
Add: written-off loans recovered for the period	2,210
Less: exchange rate and other changes	14
Less: write-offs and disposals for the period	15,518
Closing balance	27,048

Restructured, overdue and non-accrual loans

(In RMB million)

Item	September 30, 2015		December 31, 2014	
	Balance	Percentage of total loans (%)	Balance	Percentage of total loans (%)
Restructured loans	15,890	1.31%	8,305	0.81%
Loans with principals or interest overdue within 90 days	17,090	1.41%	14,536	1.42%
Loans with principals or interest overdue over 90 days	38,045	3.15%	29,203	2.85%

(1) As at the end of the reporting period, the balance of restructured loans was RMB15.890 billion, increased by RMB7.585 billion or 91.33% as compared with the beginning of this year. The Bank established problem credit management group to increase restructuring of problem credit enterprise, and gradually optimize business structure, finally mitigating and resolving credit risk.

(2) As at the end of the reporting period, the balance of loans with principals or interest overdue within 90 days (including loans with principals not overdue but interest overdue within 90 days) was RMB17.090 billion, increased by RMB2.554 billion or 17.57% as compared with the beginning of this year. The balance of loans with principals or interest overdue over 90 days (including loans with principals not overdue but interest

overdue over 90 days) was RMB38.045 billion, increased by RMB8.842 billion or 30.28% as compared with the beginning of this year.

Overdue loans mainly centred on Shanghai steel trade, Hangzhou and Ningbo privately-owned small and medium enterprise, micro joint protection and Shandong high consumption of energy, heavy pollution and over capacity industries, distressed assets continued to expose. Most of new overdue loans have collaterals and pledges. The bank has taken various measures and formulated liquidation and restructuring transformation scheme according to different categories. It actively communicated with local government, regulatory departments and other banks, and jointed to do well the risk management and resolution work. The overall risk is manageable as at the present.

Government financing platform loans

As at the end of the reporting period, the balance of the Bank's loans to government financing platform (including rectified general corporate loans and loans still managed under platforms) was RMB40.064 billion, which was flat as compared with the beginning of the year, accounting for 3.31% of various loan balances, representing a decrease of 0.60 percentage point as compared with the beginning of the year. Among which: in terms of loan type, the balance of the Bank's rectified general corporate loans was RMB21.449 billion, accounting for 1.77% of total loan balance. The balance of loans still managed under platforms was RMB18.615 billion, accounting for 1.54% of total loan balance. From 2013, the Bank made great efforts to adjust loan structure, and most of platforms are provincial or provincial level city loans. In terms of loan quality, the platform loan quality of the Bank remained sound without any NPL.

Recovery of non-performing assets

During the reporting period, the Bank achieved good recovery results. It recovered non-performing assets of RMB4.510 billion in aggregate, including credit assets (loan and advance principal) of RMB4.281 billion. Among the recovered loan principal, loans of RMB2,210 million were written off and non-performing loans of RMB2.071 billion were not written off. 94.18% of loans were recovered in cash while the rest was in the form of repossessed assets.

3.6.4 Income and profit

Interest income and expense

Average balance, and average yield or average cost rate of the major asset and liability items

(In RMB million)

Item	January –September 2015			January –September 2014		
	Average balance	Interest income/expense	Average yield/cost rate (%)	Average balance	Interest income/expense	Average yield/cost rate (%)
Assets						
Disbursement of loans and advances (excluding discounted bills)	1,132,331	63,934	7.55%	902,299	51,180	7.58%
Bond investment	275,454	7,930	3.85%	220,783	6,896	4.18%
Due from central Bank	287,806	3,148	1.46%	257,224	2,847	1.48%
Bills discounting and inter-bank business	662,341	23,897	4.82%	640,698	26,339	5.50%
Others	6,894	316	6.13%	6,464	308	6.37%
Total interest-earning assets	2,364,826	99,225	5.61%	2,027,468	87,570	5.77%
Liabilities						
Customer deposits	1,633,446	32,755	2.68%	1,376,825	26,837	2.61%
Bonds issued	104,611	3,625	4.63%	21,323	1,006	6.31%

Including: Interbank deposits	84,496	2,608	4.13%	3,586	124	4.62%
Inter-bank business	518,808	14,639	3.77%	529,832	21,309	5.38%
Total of interest-earning assets	2,256,865	51,019	3.02%	1,927,980	49,152	3.41%
Net interest income		48,206			38,418	
Deposit-loan spread			4.87%			4.97%
Net interest spread (NIS)			2.59%			2.36%
Net interest margin (NIM)			2.73%			2.53%

Since November 2014, the Central Bank implemented five rate cuts consecutively while continuing to expand the room for upward adjustment of deposit interest rate. The recent rate cut directly opened the interest rate float cap of demand deposit of over one year (not including one year term). The deposit-loan spread further squeezed. The Bank continued to improve structural adjustment, risk pricing management as well as resource utilization rate. The deposit-loan spread decreased slightly as compared with that in the same period of last year, whereas the NIS and NIM increased as compared with those in the same period of last year amid poor market sentiments.

Item	July –September 2015			April–June 2015		
	Average balance	Interest income/expen se	Average yield/cost rate	Average balance	Interest income/expen se	Average yield/cost rate
Assets						
Disbursement of loans and advances (excluding discounted bills)	1,188,720	22,065	7.36%	1,136,590	21,330	7.53%
Bond investment	288,954	2,657	3.65%	281,078	2,724	3.89%
Due from central Bank	292,382	1,081	1.47%	278,801	1,014	1.46%
Bills discounting and inter-bank business	677,848	7,465	4.37%	681,701	8,233	4.84%
Others	6,506	93	5.67%	6,292	99	6.31%
Total interest-earning assets	2,454,410	33,361	5.39%	2,384,462	33,400	5.62%
Liabilities						
Customer deposits	1,697,711	10,815	2.53%	1,614,482	11,102	2.76%
Bonds issued	148,328	1,546	4.14%	102,061	1,239	4.87%
Including: Interbank deposits	128,213	1,204	3.73%	81,946	900	4.41%
Inter-bank business	493,978	3,912	3.14%	564,474	5,085	3.61%
Total of interest-earning assets	2,340,017	16,273	2.76%	2,281,017	17,426	3.06%
Net interest income		17,088			15,974	
Deposit-loan spread			4.83%			4.77%
Net interest spread (NIS)			2.63%			2.56%

Net interest margin (NIM)			2.76%			2.69%
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On a quarter-on-quarter basis, the yield of interest-earning assets and cost rate of interest-bearing liabilities of the Bank decreased. The deposit-loan spread, NIS and NIM all increased as compared with the last quarter due to continuous optimization of the client and business structure of the Bank.

Yield of customer loans and advances

Item	January –September 2015			January –September 2014		
	Average balance	Interest income	Average yield	Average daily balance	Interest income	Average yield
Corporate loans (excluding discounted bills)	719,664	33,295	6.19%	547,671	26,729	6.53%
Personal loans	412,667	30,639	9.93%	354,628	24,451	9.22%
Customer loans and advances(excluding discounted bills)	1,132,331	63,934	7.55%	902,299	51,180	7.58%

Item	July –September 2015			April–June 2015		
	Average balance	Interest income	Average yield	Average balance	Interest income	Average yield
Corporate loans (excluding discounted bills)	762,242	11,517	5.99%	723,835	11,147	6.18%
Personal loans	426,478	10,548	9.81%	412,755	10,183	9.90%
Customer loans and advances(excluding discounted bills)	1,188,720	22,065	7.36%	1,136,590	21,330	7.53%

Cost rate of customer deposits

(In RMB million)

Item	January –September 2015			January –September 2014		
	Average balance	Interest expense	Average cost rate (%)	Average balance	Interest expense	Average cost rate (%)
Corporate deposits	1,074,089	22,463	2.80%	881,330	17,830	2.70%
Including: demand deposits	314,529	1,485	0.63%	288,183	1,481	0.69%
time deposits	759,560	20,978	3.69%	593,147	16,349	3.69%
Including: treasury and negotiated deposits	141,670	5,434	5.13%	97,639	3,954	5.41%

Margin deposits	322,504	5,805	2.41%	276,684	4,801	2.32%
Retail deposits	236,853	4,487	2.53%	218,811	4,206	2.57%
Including: demand deposits	91,871	295	0.43%	79,999	286	0.48%
time deposits	144,982	4,192	3.87%	138,812	3,920	3.78%
Total deposits	1,633,446	32,755	2.68%	1,376,825	26,837	2.61%

Item	July–September 2015			April –June 2015		
	Average balance	Interest expense	Average cost rate (%)	Average balance	Interest expense	Average cost rate (%)
Corporate deposits	1,135,611	7,634	2.67%	1,062,106	7,568	2.86%
Including: demand deposits	331,010	503	0.60%	310,892	501	0.65%
time deposits	804,601	7,131	3.52%	751,214	7,067	3.77%
Including: treasury and negotiated deposits	159,990	2,024	5.02%	132,125	1,652	5.02%
Margin deposits	326,014	1,855	2.26%	315,204	1,942	2.47%
Retail deposits	236,086	1,326	2.23%	237,172	1,592	2.69%
Including: demand deposits	97,189	101	0.41%	88,550	96	0.43%
time deposits	138,897	1,225	3.50%	148,622	1,496	4.04%
Total deposits	1,697,711	10,815	2.53%	1,614,482	11,102	2.76%

Fee income and expense

(In RMB million)

Item	January – September 2015	January – September 2014	Change from the same period of previous year (%)

Settlement fee income	1,613	1,235	30.61%
Wealth management business fee income	2,440	1,615	51.08%
Agency and entrustment business fee income	3,543	2,073	70.91%
Bank card business fee income	6,498	4,877	33.24%
Consulting and advisory fee income	4,515	2,606	73.25%
Account management fee income	121	167	(27.54%)
Asset custody fee income	2,358	1,025	130.05%
Others	1,056	875	20.69%
Subtotal of fee income	22,144	14,473	53.00%
Agency business fee outlay	713	312	128.53%
Bank card business fee outlay	1,042	1,267	(17.76%)
Others	166	97	71.13%
Subtotal of fee outlay	1,921	1,676	14.62%
Net fee and commission income	20,223	12,797	58.03%

During the reporting period, the Bank's businesses of investment bank, trusteeship and agency grew rapidly through continuous innovation of services and products and improvement of comprehensive services ability. Meanwhile, the businesses of wealth management, settlement and credit card fee performed satisfactorily.

Other net operating income

Other net operating income includes investment income, gains/losses from changes in fair value, foreign exchange gains/losses and other business income. During the reporting period, other net operating income of the Bank was RMB2.723 billion, representing a decrease of 20.75% over the same period of last year, primarily due to the decrease in spread income from notes.

Operating expense

During the reporting period, operating expense of the Bank was RMB22.866 billion, representing an increase of 14.01% over the same period of last year; cost/income ratio (excluding business tax) was 32.14%, representing a decrease of 4.56 percentage points over the same period of last year and a decrease of 4.19 percentage points over 2014. The increase in operating expense was mainly due to expansion of branches and business growth and continued investment in management. In 2014, there were 5 new branches and 214 new sub-branches. During January to September in 2015, the Bank opened 157 new business institutions (comprising 2 branches, 2 proprietary agencies and 153 sub-branches). The growth of institutions led to a rigid increase in operating expense. Included in the operating expenses were staff expense of RMB12.454 billion with an increase of 17.56% over the same period of last year, business expense of RMB7.388 billion with an increase of 6.64% over the same period of last year, and depreciation, amortization and rental expenses of RMB3.024 billion with an increase of 19.29% over the same period of last year.

Asset impairment loss

Item	January –September 2015	January – September 2014	(In RMB million)
			Change from the same period of previous year (%)

Due from banks	8	34	(76.47%)
Assets purchased under reverse repurchase agreements	(1)	-	-
Disbursement of loans and advances	19,577	9,334	109.74%
Held-to-maturity investments	1	-	-
Investment in receivables	265	300	(11.67%)
Foreclosed assets	25	9	177.78%
Other assets	60	24	150.00%
Total	19,935	9,701	105.49%

Income tax expenses

(In RMB million)

Item	January – September 2015	January – September 2014	Change from the same period of previous year (%)
Profit before tax	23,286	20,748	12.23%
Income tax expense	5,546	5,054	9.73%
Effective income tax rate	23.82%	24.36%	-0.54 percentage point

3.6.5 Capital adequacy ratio and leverage ratio

3.6.5.1 Capital adequacy ratio

According to *Administrative Measures for the Capital of Commercial Banks (for Trial Implementation)* from CBRC:

(In RMB million)

Item	September 30, 2015	December 31, 2014	December 31, 2013
Net core tier one capital	145,706	119,241	100,161
Other tier one capital	-	-	-
Net tier one capital	145,706	119,241	100,161
Tier two capital	30,964	30,710	15,723
Net capital	176,670	149,951	115,884
Total risk-weighted assets	1,594,576	1,380,432	1,170,412
Credit risk-weighted assets	1,478,142	1,266,583	1,087,683
On-balance-sheet risk-weighted assets	1,223,762	1,029,511	898,589
Off-balance-sheet risk-weighted assets	249,599	232,909	181,995
Risk-weighted assets of counterparty credit risk exposure	4,781	4,163	7,099
Market risk-weighted assets	13,109	10,524	4,247
Operational risk-weighted assets	103,325	103,325	78,482
Core tier one capital adequacy ratio	9.14%	8.64%	8.56%

Tier one capital adequacy ratio	9.14%	8.64%	8.56%
Capital adequacy ratio	11.08%	10.86%	9.90%

Note: The credit risk was calculated with method of weighting, Market risk with standard approach and operational risk with basic indicator approach. During the reporting period, there was no material change in the measurement method of various risks including credit risk, market risk and operational risk, risk measurement system and corresponding capital requirements.

3.6.5.2 Leverage ratio

(In RMB million)

Item	September 30, 2015	June 30, 2015	March 31, 2015	December 31, 2014
Leverage ratio	4.65%	4.50%	4.46%	4.43%
Net tier one capital	145,706	139,365	125,107	119,241
Off-balance-sheet balance of assets after adjustment	3,133,265	3,095,963	2,806,981	2,688,820

Note: The comparative figures for each period of 2015 and December 31, 2014 are listed according to the *Measures for the Administration of the Leverage Ratio of Commercial Banks (2015 Revision)* (Order No. 1 [2015] of the China Banking Regulatory Commission). The leverage ratio at the end of the reporting period increased as compared with the beginning of the year due to increased profits and net tier one capital.

3.6.6 Business development

3.6.6.1 Corporate business

As at the end of the reporting period, the corporate deposit balance of the Bank increased by 14.06% from the beginning of the year, while the corporate loan balance (excluding discounted bills) increased by 22.1% from the beginning of the year; the credit balance of trade finance amounted to RMB506.309 billion, representing an increase of 14.24% from the beginning of the year.

Sustainable growth in corporate internet finance

The corporate internet finance adheres to the strategic positioning in “supply chain finance + internet finance” to serve the B2B corporate market with expansion into B2C and C2B markets, thus establishing an industrial chain finance ecosystem. The corporate business of the Bank explores the development of internet finance by making every endeavour to build up the “Orange-e-Net” platform to satisfy the demand for financial services arising from the internet-based transformation of the real economy and enterprises. The development of “Orange-e-Net” will gradually shift to the “platform+platform” model from 1+N and N+N models, thus achieve its objective of enabling high energy efficiency and gaining customers in bulk.

The various corporate internet financial services based on “Orange-e-Net” have developed rapidly. As at the end of the reporting period, the registered users of “Orange-e-Net” exceeded 740,000, of which corporate user were around 400,000.

Healthy development of offshore financial businesses

Leverage on onshore resources, the offshore financial businesses opened up fund sourcing channels, lowered debt costs and expanded fund application channels and income sources; deeply dug clients’ needs and strengthened product development and built four major product systems of offshore investment and finance, offshore inter-bank finance, domestic resident company offshore finance and offshore trade finance; and strengthened client marketing activities and quality of professional services to provide continual support to the rapid growth of offshore businesses.

As at the end of the reporting period, the daily average offshore deposit amounted to RMB89.894 billion, increased by 49.14% from the beginning of the year; the daily average offshore loan amounted to RMB53.322 billion, increased by 50.23% from the beginning of the year. The development momentum of offshore finance remained promising.

Launch of IOT finance and reconstruction of movable property credit environment

The organic combination of the internet of things (IOT) with finance ascribed the properties of real estate into movable property, which effectively solved difficulties in management of movable assets finance businesses. Based on Big Data, it offered more targeted and customised financial products and services, and thus provided brand new methods and channels to reconstruct the supply chain business model, improve social credit systems and expand the financial service sector.

Continuously strengthening trade finance business innovation and significant allied client-absorption effect

The balance of trade finance amounted to RMB506.309 billion, increased by 14.24% from the beginning of the year. The NPL ratio of the trade finance was 0.31%. The “Golden Orange Factors Club” had absorbed 248 members and the “commercial factoring cloud platform” had over 1,000 online customers, laying solid foundations for the Bank’s commencement of factoring cooperation in the commercial factoring sector. The agency bank alliance achieved substantial results, which widened the source of funds for international business, presented more opportunities for business cooperation and promoted the Bank’s brand image and influence among domestic and foreign banks. The Golden Orange commodity futures alliance made smooth progress, with the approval quota for futures companies and subsidiaries exceeding RMB20.0 billion. The factoring online project of the “Orange-e-Financing Platform” has achieved significant business improvement since commencing operation, marking the Bank’s full-blown factoring business embracing the internet finance era.

As to international business, given the policy opportunities emerging from the Renminbi interest rate reform, the free-up of capital account transactions and the free trade zone reform, the Bank made active promotion of foreign derivatives and cross-border investment and financing businesses and constructed online business platforms to enhance service quality and efficiency and profitability of foreign business, in order to shape its core competitiveness in international products and services.

Table of trade finance and international businesses

(In RMB million)

Item	September 30, 2015	%	December 31, 2014	%	Change from the end of period over the end of previous year (%)
Trade finance balance	506,309	100.00%	443,215	100.00%	14.24%
Region: Eastern region	152,849	30.19%	137,582	31.04%	11.10%
Southern region	177,955	35.15%	172,485	38.92%	3.17%
Western region	41,602	8.22%	37,272	8.41%	11.62%
Northern region	133,903	26.44%	95,876	21.63%	39.66%
Domestic/International: Domestic	297,630	58.78%	283,462	63.96%	5.00%
International (including offshore)	208,679	41.22%	159,753	36.04%	30.63%

3.6.6.2 Retail business

During the reporting period, the retail business continued to deepen its reforms of BUs. Leverage on the comprehensive financial advantage of Ping An Group and Ping An Bank’s resources of professional platforms, full-ranged licensed products and channels, it further picked up the speed of client migration to solidify its foundation. As at the end of the reporting period, retail deposits increased by 3.99% from the beginning of the year, and balance of retail loans (including credit cards) recorded 11.63% growth as compared with the beginning of the year. Assets under management for individual clients increased rapidly, amounting to RMB619.723 billion, representing an increase of 23.44% as compared with the beginning of the year.

In the coming three to five years, the retail bank will be committed to becoming the leading bank of high value

customers in China. In terms of customer management, private banking customers, wealth management customers and settlement business customers will be grouped into different categories and receive specific services. To achieve this goal, the retail bank will provide one-stop solution and full range of products and services by leveraging the comprehensive financial strength of the Group, and provide differentiated products and services with Ping An's unique features tailored for different customers and take full advantage of the online and offline channels of the Group to realize seamless online-to-offline (O2O) connection and create the best customer experience.

Significant increase in client number and assets under management

The number of client significantly increased, with wealth management clients, private banking customers with eligible assets and settlement customers aggregated to 268,000、13,100 and 4.469 million, representing an increase of 17.9%, 30.1% and 16.0% as compared with the beginning of the year, respectively. The individual customers' assets under management have been driven up rapidly, representing an increase of 23.44% as compared with the beginning of the year.

Significant results in customer migration and acquiring new customers

By continuing taking full advantage of the internal and external resources of the Group and the Bank, the retail business established a migration platform for customers from the Group, micro and small enterprise and payroll service customers, credit card customers, auto finance and consumer finance customers within the Bank. As at the end of the reporting period, the number of new customers contributed by the migration platform was 3.03 million, accounting for 49% of total new customers, 49% of new wealth management customers of the Bank, 39% of new assets and 78% of new deposits, respectively.

Further deepened service capacity and produced service culture and atmosphere

With work for "standardised branch hall" continued to stretch down, the first three "service exemplary outlets" passed acceptance and drove up service quality of all other outlets of the Bank. The continual improvement in synergised services and the business circulation mechanism between outlets and the call centre enhanced efficiency of clients' enquiry handling. In addition, the Bank-wide campaigns of "Leaders' Visit" and "Excellent Service Cases Essay" effectively promoted the service culture from the top-down direction.

Furthermore, Ping An Bank's intelligent service flagship store has been providing "Simple·Powerful" services in 3 cities, namely Shenzhen, Shanghai and Guangzhou, with another flagship store in Beijing under construction.

Rapid development of private banking, wealth management, community finance and online banking

Private Banking

Leverage on the comprehensive financial advantage of Ping An Group, our private banking continued to advocate its three major customer value propositions known as "integrated finance, global allocation and family succession", and consolidate its four main service systems known as "investment management, health management, immigration and overseas study and family protection". As to investment management, we took the opportunity of globalised investment and launched real estate inspection tours in the US, Australia and Israel with overseas quality real estate developments based on the pursuit of "global allocation" value, aiming to satisfy foreign investment needs of high net worth clients. Meanwhile, capturing market opportunities, we continued to introduce new products to replace the old ones in our structural, private and overseas product categories, so as to promote industrial fund products and diversify the product mix. The health management platform launched multiple overseas and domestic health management products. In order to further satisfy needs for private banking customers' family succession value, the private bank joined hands with China Business Network in establishing the first series of a 12-episode large-scale television show in China concerning familiar business governance and family wealth succession, and launched "Ping An Succession Institute" to meet customers' needs for their children's early experience of studying abroad. The Bank's private bank were awarded the new private bank award of the seventh "Golden Wealth Management" by Shanghai Securities News and the best private bank award in the "2015 China's High-end Wealth Management Powers Rankings" organised by the National Business Daily during the year.

As at the end of the reporting period, the private bank of the Bank managed clients' assets amounting to RMB235.2 billion, increased by 52% from the beginning of the year

Wealth management

The wealth management segment deepened the philosophy of being “customer-centric” and continued to bring to its VIP customers professional services, exclusive products and abundant rights to further enhance customers’ loyalty and its reputation and the number of VIP clients experienced steady growth.

During the reporting period, the wealth management segment gained steady increase in the number of VIP clients through the new upgraded version of “1+2+4” customer migration – the “Love New Customers” project, the consistent implementation of “layered assignment” scheme and optimization of the wealth manager team and systems. Exclusive products and marketing campaigns such as “New·Bright Point”, “Just for VIP”, “Refill with 12% Off” and “Fortune’s Festival” were well-received and achieved delightful sales. The Ping An wealth rights brand “Enjoyment+” was launched with 5 main rights and 22 premium services which incorporating financial services into clients’ every daily scenario and need relating to “medical, food, house, travel and fun”. The brand influence of “Ping An Wealth Management” continued to enhance and was awarded the “2015 best banking wealth management brand” by the Securities Times.

Community finance

The Bank continued to promote establishment and development of community branches to achieve low-cost physical coverage and services’ lower reach. Based on the three main customer values of “everywhere, every way and intelligent life”, it made use of the comprehensive financial advantage to provide financial and non-financial products and services to community residents, playing the role of the “Ping An good neighbour” for customers. As at the end of the reporting period, the number of the Bank’s operating licensed community branches amounted to 250, of which 81 were managing over RMB100 million assets for clients.

Online finance

The Bank continued its exploration on online finance models through the innovative e-channels such as Pocket Banking (Mobile Banking) and Ping An Orange (Ping An Direct Banking). Making use of the comprehensive financial advantage of the Group and through our pursuit of innovative business models such as the mobile Internet, Big Data and O2O, the Bank gradually transformed from service channels to business operation platforms to explore and construct business models for retail online banking.

As at the end of the reporting period, online banking recorded 9.58 million users in aggregate, representing an increase of 31.9% from the beginning of the year. The online banking update made smooth progress, with functions such as verified account setting and bulk certificate deposit and transfer. The pocket banking recorded 11.22 million users in aggregate, increased by 107.4% from the beginning of the year, and launched functions such as automatic reading of one time password (OTP), pre-setting for opening third-party deposit account, bulk deposit certificates, wealth management booking and commodity exchange, which offered clients with convenient and expeditious operational experience. As for self-service equipment, video-procedures of networked fixed/mobile video teller machines (VTM) were optimised to shorten duration by 30% and make significant deduction on the operating cost per transaction.

The Bank continued innovation of technologies and service models of Ping An Orange to provide clients with products and services which are customised and catering for consumption and wealth management habits of young people. Furthermore, it made bold attempts in cross-sector cooperation to implement the strategy of “a plus and a cross” and gradually construct the ecology of financial consumption services. “Orange+”, representing the commencement of the external cross-sector cooperation, brings financial services into users’ living scenarios such as consumption, entertainment and leisure based on the young’s needs relating to “medical, food, house, travel and fun”. As at the end of the reporting period, the Bank has forged cooperation with Qunar.com, pptv.com, Didi Dache, to8to.com and Xinhua Jindian and trialled different models, including “Orange+Travelling”, “Orange+Entertainment”, “Orange+Outdoor”, “Orange+Renovation” and “Orange+Online Finance”. “Orange×”, representing “Orange×Ping An Group”, commenced close cooperation with relevant subsidiaries and product lines of the Group which generated compliment and synergy to provide clients with diversified, professional and customised financial products, services and solutions. During the reporting period, Ping An Orange opened a number of bulk customer registration portals with results emerging. As at the end of the reporting period, the number of clients of Ping An Orange amounted to 3.81 million, increased by 640.2% from the beginning of the year

Moreover, the Bank actively promoted an optimization project for Wechat banking covering adjustments to its menu and portals and guidance to clients for receiving transaction notifications through a single Wechat account, which effectively reduced operating costs.

Steady growth in our credit card, auto finance and consumer finance asset-backed businesses

Healthy development and higher brand influence of credit card business

Our credit card business maintained its fast and stable growth. As at the end of the reporting period, we had 18.65 million credit cards in issue, representing an increase of 13.5% as compared with the beginning of the year, of which 4.43 million were issued during the period from January to September. Total transaction amounted to RMB570.4 billion, representing an increase of 28.4% over the same period of last year. The balance of credit card loans was RMB136.5 billion, representing an increase of 32.65% as compared with the beginning of the year. Ping An credit card strove to promote online finance and the Group's comprehensive finance to enhance client experience and brand influence and further strengthen risk management capability.

Regarding promoting online financing innovation, it brought out the first "internet+credit card". Together with Ping An One Wallet, the launch of the first new concept "internet+credit card" – Huayang Card offered features of "My Limit, My Choice", "Spending is Earning" and "Earn after Payment". It expanded E-channels of registration, connected internal and external registration portals, promoted conventional channels to become electronic and continued the online card application campaign "New Card, More Fortune" and client referral branding campaign. To deepen E-marketing, it carried out the promotional event "Wednesday's Shopping Day" and O2O events with Haitao.com, which served mobile financing life of clients. To optimize E-service experience, intelligent services portals such as intelligent voice guidance, Wechat banking and the credit card exclusive APP Tian Xia Tong consistently provided clients with intelligent and accurate services. During the reporting period, the number of customer gained online increased by 138.8% and online transaction increased by 22.8% over the same period of last year.

With respect to the Group's comprehensive finance, it assisted in customer migration and assets enhancement. It continued to refer the Group's clients and approximately 34% of new card issue were resulted from cross-selling. It also promoted migration of credit card clients to retail banking. During the reporting period, the number of new customers who held both a credit account and a debit account with us exceeded 2.33 million, representing an increase of 80% over the same period of last year, bringing to the retail banking new assets of over RMB34.8 billion. Besides, cross-selling spanned over insurance to satisfy clients' need for customised insurance. During the reporting period, revenue from insurance cross-selling increased by 111% over the same period of last year.

It continued the establishment of a NPS (Net Promoter Score) system and launched themed marketing events to enhance brand influence. It strove to enhance client satisfaction through setting up a complaint alert mechanism and quality management mechanism. Ping An credit card has successfully built three major annual consumer rights platforms for business trips, oversea and catering. Events of 50% off food and beverage day were launched, covering 38 cities across the country with the participation of approximately 1,000 merchants. It launched special themed marketing events, together with the booming Ping An Policy, Refill with 12% Off and RMB10 Movie Ticket, the brand influence and reputation kept rising.

It strengthened risk management capability and optimised portfolio structuring. As at the end of the reporting period, the credit card NPL was 2.97%, representing a decrease of 0.25 percentage point from the end of last quarter, showing further improvement the risk profile of the credit card portfolio.

Auto finance

The auto finance business continued to deepen brands cooperation, resulting in increased numbers of cooperation brands and contracted distributors and a leading market share in the industry. Automatic approval loan ratio and business approval efficiency continued to rise, and signification improvements were made in client experience in the quality loan "One-second Approval". Recent turnover of the insurance sales agency business reached RMB18.00 million a month. Multiple innovative products were launched, which could better cover diversifying auto consumer financing needs and provide solid support to enhancing the business scale.

As at the end of the reporting period, auto loan amounted to RMB73.2 billion with NPL ratio of 1.42%. Affected by external economic environment, the NPL ratio rose compared with the beginning of the year. The

percentage of high-yield loans increased as a resulting of product mix restructuring, and the revenue was able to cover the risk, and the restructuring will continue so as to optimize assets quality. Furthermore, the first asset-backed note with the subject as auto consumer loan was successfully launched in the inter-bank market on August 11, amounting to RMB3.1 billion.

Consumer finance

The consumer finance business consistently adhered to the philosophy of client-oriented in sub-divided client targeting and layering to carry on product innovation as well as satisfy clients' need for multi-faceted and multi-channel finance. Among its products and services, the personal unsecured consumer loan "Xin Yi Dai", popular for its simple and speedy application and designed to meet the customers' needs of emergency financing, rolled out a series of credit solutions for pension clients, taxation clients and mortgage clients, further diversifying its product mix and satisfying various clients' needs. "Jin Ling Tong 2.0" was promoted on the whole Bank basis to provide VIP clients with comprehensive financial services such as individual settlement, wealth management, revolving consumer credit. It also further strengthened the mortgage loan business to support reasonable household housing consumer needs.

As at the end of the reporting period, consumer finance amounted to RMB126.828 billion with RMB45.359 billion newly issued. Xin Yi Dai and small consumer assets securitization made smooth progress, recording non-interest net income of RMB150 million, and carried on research on assets securitization of low-income loan to expand underlying assets base of the Bank's assets securitization. The consumer finance remained steadfast in the pursuit of "restructuring and risk control" and optimised the loan structure and improved assets quality from aspects such as promotion of the mortgage business, strengthening risk monitoring and alert and repayment demand and collection. At present, the overall assets quality is stable and manageable.

Table of retail loans (excluding credit cards)

(In RMB million)

Item	September 30, 2015	%	December 31, 2014	%
Eastern region	126,411	43.11%	119,458	42.34%
Southern region	89,505	30.52%	88,999	31.55%
Western region	29,179	9.95%	28,062	9.95%
Northern region	46,731	15.93%	45,273	16.05%
Headquarters	1,438	0.49%	304	0.11%
Total balance of retail loans (excluding credit cards)	293,264	100.00%	282,096	100.00%
Including: Total NPL	7,182	2.45%	2,671	0.95%

3.6.6.3 Treasury and inter-bank business

During the reporting period, the treasury line upheld the operation strategy of "smaller capital, better structure, valued clients and good efficiency", under which it sped up the shift of operation model and continually optimised inter-bank assets and liabilities structure to enhance investment return, reduce inter-bank debt cost and expand inter-bank revenue source, thus progressing the optimization of the revenue structure.

Rising brand influence of "Gold Business", "Option Expert" and "Smart Transaction"

Our capital operating centre was licensed and established in May of the year, which was the second bank capital business specialised institution approved by the CSRC, further enhancing the brand influence of treasury business.

The gold leasing business experienced steady development and structural optimization, with turnover and trading volume in the lead in the market. The number of new gold account grew rapidly and gold wealth management products were well-received by clients. It made good use of gold inventory in the market by a trial run of the innovative business model "Cun Jin Tong". It also successfully incorporated gold accounts into our main online channels and those of the Group.

It diversified the precious investment and financing business by continuing to establish the gold assets management account "Tong Cun Tong Dui"; by launching foreign innovative products such as Gou Hui Bao

and Capped Forward Currency at the market opportunity of RMB exchange rate reform, resulting in a higher ratio of inter-bank option trading volume; and by expanding fixed income investment channels, strengthening sub-divided management of credit loan and exploring the investment consultancy business, which led to steady increase of bond trading.

Faster product transition, investment innovation and growth of assets management business

During the reporting period, the Bank took product transition and investment innovation as its key tasks and achieved rapid and healthy development of the assets management business. As at the end of the reporting period, the Bank's assets under management increased by almost 100% from the beginning of the year, a pace faster than its peers'.

It successfully launched wealth management product series for the first banking index in China – Ping An Index, and progressively released products for the Ping An Bank Cross-assets Optimization and Allocation Index and the Ping An Bank Global Balance Select Index. Efforts for the wealth management brand attained good results, as evidenced by recognitions including being ranked tenth by the China Banking Association in terms of comprehensive wealth management capability in the China Banking Wealth Management Rankings, the “Golden Wealth Management” excellent banking wealth management products award and the “Golden Wealth Management” best RMB wealth management products award for 2014 from Shanghai Securities News. On September 22, it was awarded the “China's Best Structured Product Issuer” by Euromoney.

Net-worth products were diversified. In addition to conventional net-worth products, two equity-bond hybrid net-worth products "Preference Share Enhanced Income" and "New Shares Enhanced Income" were developed, which gained high recognition from investors.

In response to the national strategy and deployment, it placed priority on supporting industrial funds and promoted the industrial fund business in various areas such as housing renewal, tourism, healthcare, transportation, affordable housing, bulk commodities trading and PPP projects in order to support local industrial upgrading and transformation, urban infrastructure improvements, residential construction and environmental protection.

Strengthened operation model transition and increased cooperation with peers

The Bank maintained strict control over scale and application of risk assets with emphasis on assets quality and return, resulting in stable return on spread and risk assets. It sped up transition of operation models and improved business structure, thereby enhanced sales of products for financial institutions and expanded sources of inter-bank revenue. To strength marketing for bank and financial institution clients, it rolled out the full-fledged inter-bank wealth management account business to enhance the volume and ratio of demand deposits and reduce overall finance cost. Putting in place a service system for high value clients, it established the comprehensive financial mall Hang E-Tong and continued to expand the customer base of the mall, with cooperation with near 500 banks. The construction of platforms stretched deeper and the brand reputation rose.

Continued structural optimization of instrument finance business

Keeping in line with the Bank's liquidity management, the instrument finance division controlled the size of instrumental assets and actively facilitated the marketing and the growth of the direct discount business.

3.6.6.4 Investment banking business

During the reporting period, non-interest net income from investment banking business amounted to RMB4.627 billion, representing an increase of 101.32% as compared with that in the same period of last year. As at the end of the reporting period, net assets trusteeship amounted to RMB2.98 trillion, representing an increase of 65% as compared with that in the same period of last year, and trusteeship fee income amounted to RMB2.358 billion, representing an increase of 130.05% as compared with that in the same period of last year.

Accelerating business innovation

During the reporting period, adhering to the philosophy of being “customer-centric” and captured the strategic opportunity of the deepening national reforms, the Bank's investment banking business designed new products, deepened marketing of services and accelerated transformation and upgrading based on clients' needs to continue developing businesses such as industrial funds, assets securitization and bond financing, with good

results of each of them. Since the beginning of the year, the Bank kept picking up the pace of industrial fund innovation and made progressive commencement of businesses in emerging areas such as placement of listed companies, corporate merger and acquisition, management of treasury debt, the mixed ownership reform of state-owned companies, so as to support real economic development and throw itself into key areas benefiting to the public welfare. The bond financing business maintained rapid growth, with bonds underwritten amounting to RMB101.350 billion, representing an increase of 46.85% as compared with that in the same period of last year. The assets securitization business made breakthroughs by active innovation. In August 2015, the Bank successfully launched in the inter-bank market the first asset securitization product for assets underlying auto-backed loan in China – “Ping An Bank 2015 first asset-backed securities for auto-backed loan”, which was the first asset securitization product for auto-backed loan launched in the inter-bank market by a commercial bank.

Healthy and rapid development of trust business

According to the policy of “pursue technology, innovation, marketing and efficient service” set in early 2015, the assets trust business seized business opportunities in the mega asset management era and developed new market while consolidating existing market. In addition, it continued to enhance the standard of operation services, promote trust business marketing and making the brand professional, comprehensive, platform-integrated and online.

During the reporting period, the Bank’s trust business received three awards, namely “China’s Most Influential Brand of Assets Trust”, “Golden Award-China’s Best Asset Trust Bank for the Year (Service)” and 2015 IF Golden Thumb “Top Ten Internet+ Innovative Financial Products” (“China’s Most Influential Brand of Assets Trust”, “Golden Award-China’s Best Asset Trust Bank for the Year (Service)” and 2015 IF Golden Thumb “Top Ten Internet+ Innovative Financial Products”).

Explosion of institutional business

During the reporting period, the Bank made good use of the qualification of national non-tax revenue payment agency to accelerate development of institutional business. Aiming for “leapfrog growth”, the division developed treasury businesses through sophisticated plans, cooperation and marketing, and made breakthroughs in localizing national fiscal operations, developing local fiscal operations and participating municipal treasury cash management.

3.6.6.5 Small enterprise finance business

Affected by the macro-economy, the small enterprise finance business set its main task as restructuring and its operation aim as risk control during the first three quarters of 2015. As at the end of the reporting period, the business amounted to RMB101.096 billion, representing a decrease of 7.34% as compared with the beginning of the year. Its hit product Dai Dai Ping An amounted to RMB54.979 billion, representing an increase of 22.56% as compared with the beginning of the year. Among other loans, internet insurance and high-ratio secured loan decreased by RMB17.005 billion, with risk structure continued optimizing.

Affected by the macro-economy, certain small companies were faced with prolonged difficulties, resulting in an overall increase in relevant NPL ratio to 3.59% for the reporting period, with main risks from existing internet insurance business. Since 2014, the Bank has adjusted its strategy and changed its target clients from medium size to micro size. Risk of new businesses was manageable. In particular, the overall quality of the strategic product Dai Dai Ping An dual debit-credit commercial card loan assets, which was under strong promotion, was stable, with NPL ratio at 1.71% as at the end of the reporting period. The amount of NPL and increase in NPL ratio remained manageable.

Expanding client coverage and optimizing business structure

On one hand, the Bank consolidated tangible commercial businesses and strengthened risk management by implementing accountable marketing and sales list. On the other, it actively expanded the customer base of platforms and upper and lower value chain and designed new batch development models for headquarter-to-headquarter cooperation and flow-shop approval. The Bank has given approval to 240 third-party platforms and sub-value chain projects with credit facilities over RMB4.0 billion, involving logistic, supermarket, home appliances, brand distribution value chains and platforms of e-merchants and third-party information.

Accelerating integration with internet to enhance financial service efficiency and client experience

The Bank upgraded traditional businesses to go online, established online financing platforms and promoted mobile service channels such as online banking, mobile phones, Wechat, APP, IPAD, SMS and phone to form a service circle of mobile internet. With respect to innovative services, it launched Ping An Butler (平安管家) and explored comprehensive online management, operation, commercial and exchange platforms specializes for small corporate clients to provide the business sector and small businesses with more derivative added-value services. It strengthened new online tools and internet way of thinking to further improve and apply mobile display tool and client management system and enhance accuracy and sub-division of marketing. By making good use of “We Media” marketing such as Wechat dissemination and mobile internet, it effectively enhanced the efficiency of brand popularization.

Deepening comprehensive financial services on stepping stone Dai Dai Ping An

Dai Dai Ping An dual debit-credit commercial card made steady progress. As at the end of the reporting period, the number of Dai Dai Ping An dual debit-credit commercial card client totalled 906,500, representing an increase of 13.25% as compared to the beginning of the year. The deposit balance of Dai Dai Ping An amounted to RMB14.818 billion, representing a decrease of 10.08% as compared to the beginning of the year. The number of holder amounted to 240,700, representing an increase of 30.36% as compared with the beginning of the year. The credit balance of Dai Dai Ping An amounted to RMB84.805 billion, representing an increase of 29.58% as compared with the beginning of the year. The loan balance amounted to RMB54.979 billion, representing an increase of 22.56% as compared with the beginning of the year. The average interest rate and NPL rate were 15.67% and 1.71%, respectively, and remained manageable.

Based on the core objectives of Dai Dai Ping An, the Bank produced more repeatable and risk-manageable solution, including standardised the mortgage product - Fang Yi Dai, invoice-based loan products and customised Dai Dai products specialised for quality business clients. During the reporting period, it became the first to market invoice-based loan products for supermarkets and the pharmaceutical and auto industries, providing financing services to over 2,000 small businesses amounting to over RMB1.0 billion loans. It further diversified the portfolio and rights of cards to satisfy clients’ individual needs. It also increased development and marketing of settlement (mobile collection, Pay Photon, customised settlement service solutions and others) and comprehensive financial products (exclusive wealth management, insurance mall and others), which enabled total coverage over credit, settlement and comprehensive finance.

Strengthened technological innovative capability for systems, data and models

Leverage on the internet way of thinking and Big Data technologies, it pursued business innovation and strengthened construction of data platforms, rapidly increased data application capacity and strengthened precise marketing and risk management models. The innovative platform of full long-distance business management was equipped with functions such as PAD long-distance signature and self-service loan application and pre-examination and approval, which provided small and micro companies with the professional and comprehensive online small and micro financial services.

Table of small enterprise finance business

(In RMB million)

Item	September 30, 2015		December 31, 2014		Change from the end of the previous year	
	Balance	%	Balance	%	Increase/decrease in balance	% change
Loans managed by the small enterprise finance BU	101,096	100.00%	109,103	100.00%	(8,007)	(7.34%)
Including: Eastern region	24,765	24.50%	26,352	24.15%	(1,587)	(6.02%)
Southern region	36,004	35.61%	39,660	36.36%	(3,656)	(9.22%)
Western region	19,600	19.39%	19,753	18.10%	(153)	(0.77%)
Northern region	20,726	20.50%	23,338	21.39%	(2,612)	(11.19%)

3.6.6.6 Industry business units

The Bank has established six industry business units, namely the real estate finance unit, energy and mining finance unit, transportation finance unit, modern logistics finance unit, modern agricultural finance unit, healthcare, culture and travel unit. As at the end of the reporting period, the deposit balance of industry business units was RMB239.2 billion, and the loan balance was RMB257.5 billion. The operating income for the reporting period amounted to RMB9.453 billion.

Leveraging the unique operating system of the Bank, the industry business units target at different operating features and diversified financing demand of the customers of various sectors and gradually enhanced the “list system” customer management. Supported by the operating principles of corporate business integrated finance and investment banking development, the industry business units capitalize on the Bank’s unique strength of supply chain finance as applicable to explore innovative business models. Their business development is driven by professionalism, investment bank functions, integrated service and internet-based commerce, thus achieving professional operation serving priority industries, target customers, target models, and establishing an integrated financial service system covering the whole life cycle and the upstream and downstream industry chain of the customers. They serve the customers in the industries while enforcing strict risk control and continue to develop with distinct features.

3.6.6.7 Integrated finance business

Consistently high performance of corporate cross-selling

The operating income of corporate cross-selling channels for the period from January to September of 2015 amounted to RMB948 million (including net non-interest income of RMB271 million). Daily average deposit increased by 35% to RMB30.6 billion as compared to the beginning of the year. The property and casualty insurance and pension insurance channels of Ping An Group contributed RMB356 million to the operating income of the Bank. The daily average corporate deposit was RMB15.8 billion and the cumulatively referred corporate customers were 2,523. The premium for property and casualty insurance and pension insurance sold by the Bank contributed RMB16 million of net non-interest income with cumulatively referred corporate customers of 4180. 75 new projects involving new investment amount of RMB121.832 billion were confirmed through the cooperation between the Bank and the investment series program of Ping An Group, thus contributing RMB592 million of operating income of the Bank. The pilot promotion of the group E marketing system at corporate customer manager terminals in 30 branches was completed with 5,139 users.

Comprehensive financial advantage continues to facilitate retail development

The new retail life insurance cross-selling model, and integrated finance of credit cards sold by the Group, insurance policies sold by the Bank and bank-securities business cooperation continued to register income growth. Customers referred by cross-selling amounted to 870,000. VIP customers increased by 16,375 as compared to the beginning of the year; customer assets increased by RMB33.5 billion and deposits increased by RMB7.7 billion. The average assets of these new customers significantly grew and their contribution was 14%, 40%, 28% and 77% as a percentage of the new customers, VIP customers, assets and deposits of the Bank. Credit cards added level-A natural customer acquisition products to the fellow companies of the Group. The customers acquired from cross-selling channels of the Bank accounted for 34% of the new credit cards issued. Bancassurance sold through omni-channel retailing amounted to RMB427 million. Bank-securities business cooperation further developed with the three-management products and functions such as wealth management appointment and 7*24 hours under the differentiated three-management business brand of “Yin Zheng e Jia”. As at the end of the reporting period, new three-management customers of Ping An Securities amounted to 435,600, which was 20 times as compared to the same period of last year.

3.6.6.8 Wealth management business

As at the end of the reporting period, the Bank’s balance of capital guaranteed wealth management products was RMB270.3 billion and the balance of non-capital guaranteed wealth management products was RMB373.7 billion.

3.6.7 Organizational development

During the reporting period, there were 49 new operating entities, of which 9 were traditional sub-branches (including sub-branches for small and micro enterprises only), 38 community sub-branches and 2 sub-branches for small and micro enterprises. The operating entities of the Bank now increase to 904, including 1 head office, 45 branches (32 primary branches and 13 secondary branches), 585 traditional sub-branches (including sub-branches for small and micro enterprises only), 250 community sub-branches, 19 sub-branches for small

and micro enterprises and 4 proprietary agencies.

§4 Audit Report

Audit option: This is subject to audit.

Board of Directors of Ping An Bank Co., Ltd.
October 23, 2015

Appendices:

1. Balance sheet (unaudited)
2. Income statement (unaudited)
3. Cash flow statement (unaudited)

Ping An Bank Co., Ltd.

Balance Sheet

September 30, 2015

In RMB million

ASSETS	September 30, 2015	December 31, 2014
Cash on hand and due from the Central Bank	297,223	306,298
Precious metals	62,657	45,254
Placements of deposits with other banks	107,963	66,969
Funds loaned to other financial institutions	104,189	45,841
Financial assets measured at fair value through profit and loss for the period	17,597	25,811
Derivative financial assets	5,471	4,300
Financial assets purchased under resale agreements	254,285	178,636
Accounts receivable	7,120	9,925
Interest receivable	11,944	11,937
Loans and advances	1,182,226	1,003,637
Available-for-sale financial assets	766	1,493
Held-to-maturity investments	260,022	207,874
Receivables type investment	248,290	246,258
Long-term equity investments	562	486
Investment properties	145	110
Fixed assets	4,406	3,812
Intangible assets	4,972	5,293
Goodwill	7,568	7,568
Deferred income tax assets	9,367	6,834
Other assets	12,287	8,123
Total assets	2,599,060	2,186,459
LIABILITIES AND SHAREHOLDERS' EQUITY		
Due to the Central Bank	3,600	2,754
Placements of deposits from other banks and financial institutions	435,745	385,451
Funds borrowed from other financial institutions	16,846	13,551
Financial liabilities measured at fair value through profit and loss for the period	7,386	4,259
Derivative financial liabilities	2,844	2,662
Assets sold under agreements to repurchase	-	22,568
Customer deposits	1,723,328	1,533,183
Employee salary payable	10,520	7,961
Tax payable	7,393	5,794
Accounts payable	2,787	1,883
Interest payable	25,708	25,229
Bonds payable	192,325	41,750
Provisions	25	25
Other liabilities	13,417	8,440
Total liabilities	2,441,924	2,055,510
SHAREHOLDERS' EQUITY:		
Share capital	14,309	11,425
Capital reserve	59,326	52,270
Other consolidated gain	(1,355)	(1,851)
Surplus reserve	6,334	6,334
General risk provision	19,115	19,115
Unappropriated profit	59,407	43,656
Total shareholders' equity	157,136	130,949
Total liabilities and shareholders' equity	2,599,060	2,186,459

Legal representative: Sun Jianyi

President: Shao Ping

Vice President and Chief Financial Officer: Sun Xianlang Head of Accounting Department: Han Xu

Ping An Bank Co., Ltd.

Income statement

January - September 2015

In RMB million

Items	Jul-Sep 2015	Jul-Sep 2014	Jan-Sep 2015	Jan-Sep 2015
I. Operating income	24,577	19,918	71,152	54,651
Net interest income	17,088	13,684	48,206	38,418
Interest income	33,361	30,620	99,225	87,570
Interest expense	16,273	16,756	51,019	49,152
Net fee and commission income	6,501	5,026	20,223	12,797
Fee and commission income	7,183	5,532	22,144	14,473
Fee and commission expense	682	506	1,921	1,676
Investment income	977	1,132	3,081	3,305
Gains or losses from changes in fair values	12	(41)	97	27
Foreign exchange gains/(losses)	(56)	(133)	(571)	(53)
Other operating income	55	70	116	157
II. Operating costs	9,527	8,443	27,912	24,179
Business tax and surcharge	1,666	1,442	5,046	4,123
Business and administrative expenses	7,861	7,001	22,866	20,056
III. Operating profit before impairment losses on assets	15,050	11,475	43,240	30,472
Impairment losses on asset	7,012	4,049	19,935	9,701
IV. Operating profit	8,038	7,426	23,305	20,771
Add: Non-operating income	8	13	21	30
Less: Non-operating expenses	19	19	40	53
V. Total profit	8,027	7,420	23,286	20,748
Less: Income tax expense	1,872	1,798	5,546	5,054
VI. Net profit	6,155	5,622	17,740	15,694
VII. Other comprehensive income, net (after tax)	101	171	495	481
Other comprehensive income subsequently reclassified into profit or loss	101	171	495	481
1. Share of other comprehensive income subsequently reclassified into profit or loss under equity method in investee	-	-	58	(4)
2. Gains or losses from changes in fair values of available-for-sale financial assets	101	171	437	485
VIII. Total comprehensive income	6,256	5,793	18,235	16,175
IX. Earnings per share				
(I) Basic earnings per share	0.43	0.41	1.27	1.14
(II) Diluted earnings per share	0.43	0.41	1.27	1.14

Legal representative: Sun Jianyi

President: Shao Ping

Vice President and Chief Financial Officer: Sun Xianlang

Head of Accounting Department: Han Xu

Ping An Bank Co., Ltd.

Cash Flow statement

January - September 2015

In RMB million

Items	Jan-Sep 2015	Jan-Sep 2014
I. CASH FLOWS FROM OPERATING ACTIVITIES:		
Net increase in amounts due from the Central Bank	803	-
Net increase in customer deposit and placements of deposits from other banks	239,398	209,625
Net increase in funds borrowed from other financial institutions	3,295	-
Net decrease in accounts receivable	2,805	-
Net increase in accounts payable	905	-
Net decrease in financial assets purchased under resale agreements	67,936	40,102
Cash receipts from interest, fee and commission income	98,793	79,897
Cash receipts from other operating activities	9,944	3,979
Subtotal of cash inflows from operating activities	423,879	333,603
Net increase in placements of deposits with the Central Bank and other banks	8,179	56,954
Net decrease in amounts due from the Central Bank	-	932
Net increase in funds loaned to other financial institutions	4,989	6,103
Net decrease in funds borrowed from other financial institutions	-	6,227
Net increase in accounts payable	-	3,440
Net decrease in accounts payable	-	213
Net increase in loans and advances	200,784	151,678
Net decrease in assets sold under agreements to repurchase	22,571	17,433
Cash payments for interest, fee and commission expenses	47,404	41,838
Cash payments for salaries and staff expenses	9,895	9,623
Cash payments for taxes	11,737	9,827
Cash payments relating to other operating activities	26,335	34,444
Subtotal of cash outflows from operating activities	331,894	338,712
Net cash flows generated from operating activities	91,985	(5,109)
II. CASH FLOWS FROM INVESTING ACTIVITIES:		
Cash receipts from disinvestments	577,505	358,541
Cash receipts from investment income	21,044	18,173
Cash receipts from disposal of fixed assets and investment properties	-	7
Subtotal of cash inflows from investing activities	598,549	376,721
Cash payments for investments	630,866	403,221
Cash payments for purchase of fixed assets, intangible assets and other long-term assets	2,444	2,155
Subtotal of cash outflows from investing activities	633,310	405,376
Net cash flows generated from investing activities	(34,761)	(28,655)
III. CASH FLOWS FROM FINANCING ACTIVITIES:		
Cash receipts from share issue	9,940	-
Cash receipts from bond issue	258,096	41,743
Cash receipts relating to other financing activities	-	3
Subtotal of cash inflows from financing activities	268,036	41,746
Cash payments for debt repayment	106,230	4,500
Cash payments for bond interest	1,361	496
Cash payments for dividend distribution and interest	1,988	1,523
Subtotal of cash outflows from financing activities	109,579	6,519
Net cash flows generated from financing activities	158,457	35,227
IV. EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	723	292
V. NET INCREASE IN CASH AND CASH EQUIVALENTS	216,404	1,755
Add: Balance of cash and cash equivalents at beginning of the year	183,456	181,104
VI. BALANCE OF CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	399,860	182,859

Legal representative: Sun Jianyi

President: Shao Ping

Vice President and Chief Financial Officer: Sun Xianlang

Head of Accounting Department: Han Xu